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Baton Rouge, Louisiana

July 23, 1935.

I hereby approve the foregoing instrument, with the distinct understanding and agreement that the transferee shall be bound and obligated to carry out all the terms and conditions of the original lease from the State of Louisiana to Wm. T. Burton dated July 3, 1935, and bearing No. 318 in the office of the Register of the State Land Office, in so far as it concerns the property described in and covered by said instrument.

Furthermore, the violation of or the failure to comply with the terms of the original lease prior hereto by the original lessee or prior assignees shall not be cured by the consent by the State to this instrument.

APPROVED:

Oscar H. Allen

Governor,
of the State of Louisiana.

Witnesses:

John H. White
Wade P. McGehee

SL 318

B

318

KNOW ALL MEN BY THESE PRESENTS: That Wm. T. Burton, husband of Ethel Lewis, a resident of Calcasieu Parish, Louisiana, hereinafter called transferor, for and in consideration of Seventy Thousand and Five Hundred (\$70,500.00) Dollars, cash in hand paid by The Texas Company, a corporation of the State of Delaware, does hereby sell, transfer and assign unto said The Texas Company, hereinafter called transferee, the following described oil, gas and mineral lease:

1. That certain lease bearing date July 3, 1935, and State Land Office No. 318, executed by the State of Louisiana in favor of Wm. T. Burton, covering and bearing upon the following described lands and water bottoms situated in the Parishes of Livingston, Tangipahoa, St. Tammany, Orleans, Jefferson, St. Charles and St. John the Baptist, State of Louisiana, to-wit:

"All of the beds and water bottoms of Lake Maurepas, Pass Manchac, North Pass or North Pass Manchac, Lake Pontchartrain, Lake St. Catherine and that pass or body of water known as Rigolets connecting Lake Pontchartrain, Lake Catherine and Lake Borgne, together with all beds and water bottoms of rivers, streams, creeks, bayous, lagoons, bays, coves, sounds and inlets and other lands belonging to the State of Louisiana and not under lease on the date of application, to-wit: June 7, 1935, lying within an area adjacent to the above mentioned water bodies and extending from the edge of their said beds and water bottoms back, away from, or inland to a line one mile from and parallel to said edge, including all islands in said water bodies and/or within said area adjacent thereto, belonging to the State of Louisiana on the date of application, to-wit: June 7, 1935, containing in all approximately 470,000 acres, lying within or bounded by Livingston, Tangipahoa, St. Tammany, Orleans, Jefferson, St. Charles and St. John the Baptist Parishes, Louisiana."

2. As an additional consideration for the transfer and assignment of said lease herein transferred, said transferee agrees to pay to transferor concurrently with the payment of the rental stipulated in said lease to be paid to lessor, a sum equal to the difference between the rental paid to lessor and fifteen (15 $\frac{1}{4}$) cents per acre for the entire acreage embraced in said lease, said sum to be paid to transferor annually as and if said rental is paid to lessor, until said transferee shall begin operations for the drilling of a well in search of oil, gas or other mineral upon said leased premises.

3. If and when transferee has begun drilling operations upon said leased premises and continues said operations in accordance with the provisions of said lease, then and in that event transferee agrees to pay to transferor a sum equal to the difference between the rental provided to be paid lessor under article II, paragraph (b) of said lease and ten (10 $\frac{1}{4}$) cents per acre for the entire acreage embraced in said lease less the twenty thousand (20,000) acres, said sum to be paid to transferor annually as and if said rental is paid to lessor.

4. If and in event transferee begins operations for the drilling of a well upon a second separate area located upon said leased premises and continues said drilling operations in accordance with the provisions of said lease, then and in that event transferee agrees to pay to transferor a sum equal to the dif-

20-1

9
318

ference between the rental provided to be paid to lessor under article II, paragraph (d) of said lease and ten (10 $\frac{1}{4}$) cents per acre for the entire acreage embraced in said lease less the forty thousand (40,000) acres, said sum to be paid to transferrer annually as and if said rental is paid to lessor.

5. If and when transferee shall commence operations for the drilling of a well upon a third separate area located upon said leased premises, then and in that event transferrer shall not be entitled to any annual payment so long as operations are conducted continuously upon all three separate areas in accordance with the terms and conditions of said lease.

6. If transferee should at any time decide that it does not wish to continue drilling operations upon any one of said three separate areas, then and in that event transferee shall have the right to cease such drilling operations upon any one of said three separate areas, but in such event agrees to resume the payment to transferrer provided under paragraph 4 hereof.

7. If transferee should at any time decide that it does not wish to continue drilling operations upon any two of said three separate areas, then and in that event transferee shall have the right to cease said drilling operations, but in such event agrees to resume the payment to transferrer provided under paragraph 3 hereof.

8. As a further and additional consideration of the transfer and assignment of said lease herein transferred, the transferee agrees that if and in event it shall discover and produce oil, gas and/or other minerals from said leased land and water bottoms, it will in that event pay and deliver to transferrer an undivided one-twenty-fourth (1/24) of all of such oil, gas and/or other minerals produced and saved therefrom, as an over-riding royalty, over and above the royalty to be paid to lessor in said lease, and which said over-riding one-twenty-fourth (1/24) royalty shall be paid or delivered to said transferrer in the same manner as the royalty provided in said lease is paid to the lessor; it being distinctly understood, however, that no obligation is imposed on transferee to develop said leased premises nor to drill any well or wells thereon, save at its own option and election, it being understood that said over-riding royalty on oil and/or gas shall be computed on the net quantity thereof produced and saved, after deducting any that may be used for operations on said leased premises.

9. Transferee shall pay or tender to transferrer, or to the credit of transferrer in Calcasieu - Marine National Bank at Lake Charles, Louisiana, or its successor (which bank and/or successor bank is transferrer's agent), all sums contemplated herein to be paid to transferrer by transferee, including all royalty payments, and all such payments or tenders may be made by the check or draft of transferee mailed or delivered to said bank or transferrer on or before such date of payment.

10. It is warranted by transferrer that he has a good title to said lease, that the same is at this date a valid and subsisting lease, and that the recited consideration in said lease has been actually paid.

11. Transferee has the right at any time, at its election, to surrender or abandon said lease in whole or in part, without liability of any kind whatsoever, and in case of such surrender or abandonment, whether in whole or in part, it may release the land; in event transferee shall release a part or parts of the

leased premises, it is distinctly understood and agreed that the amount of the annual payments hereinbefore provided to be made to transferrer concurrently with rental payments provided to be paid to lessor under the terms of said lease shall be arrived at upon the basis of the acreage then held and retained by transferee under said lease at the time each such payment is made, and excluding always each separate area of twenty thousand (20,000) acres upon which operations are being conducted or from which any mineral is being produced pursuant to the terms of said lease; and in no event shall transferee be obligated against its wish or option to drill or otherwise carry on operations under said lease.

12. It is agreed that in the event transferee elects to abandon or surrender said lease or any part thereof, instead of surrendering the same back to lessor, it will reassign back to transferrer said lease or such part thereof as is intended to be surrendered or abandoned, under the following conditions:

Transferee agrees to give transferrer not less than thirty (30) days written notice of its intention to so abandon said lease or any part thereof prior to the next ensuing rental payment date or date upon which drilling is required under the terms of said lease. Transferrer shall then notify transferee in writing, within twenty (20) days of the receipt of such notice, of his intention to accept or reject such reassignment, and failing so to do, transferee may immediately, without liability hereunder, release said lease or any part thereof to the lessor. In the event transferrer elects to accept such reassignment transferee will, upon such notification, promptly furnish transferrer a recordable instrument of reassignment, transferrer to obtain the official approval of such reassignment, it being agreed and understood however that transferee shall have a reasonable time thereafter for the removal from said lease or reassigned part thereof any and all of its movable property placed thereon by it under the terms of said lease.

IN WITNESS WHEREOF, this instrument is executed in triplicate originals on this 18th day of July, 1955.

Witnesses:

J. D. Johnson
J. D. Johnson

W. T. Burton
Transferrer

J. D. Johnson
J. D. Johnson

THE TEXAS COMPANY
By B. L. Howard
Transferee

STATE OF **LOUISIANA** }
PARISH **OF Calcasieu** }

BE IT KNOWN, That on this **18th** day of **July**, 19**55**, before me, the undersigned authority, and in the presence of the witnesses hereinafter named and undersigned, personally came and appeared **R. C. Stewart** **Division Manager** of **The Texas Company**, to me well known, and known to be such **The Texas Company**, **R. C. Stewart** **Division Manager** of **The Texas Company**, and executed the foregoing instrument, and thereupon the said **R. C. Stewart** **Division Manager** acknowledged that he had signed and executed the same as his act and deed, and as the act and deed of the said corporation, for the consideration, uses and purposes on and on the terms and conditions therein mentioned and in his said capacity.

And the said **R. C. Stewart** **Division Manager** of **The Texas Company**, being by me first duly sworn, did depose and say that he is the **R. C. Stewart** **Division Manager** of **The Texas Company**, and that he signed and executed said instrument in his said capacity, and under authority of the Board of Directors of said corporation.

Thus done and passed in the **Parish** of **Calcasieu**, State of **Louisiana**, on the day and date first hereinabove written, and in the presence of **Les. J. Briggs** and **J. D. Johnson**, competent witnesses, who have hereunto subscribed their names as such, together with said appearer and me, said authority, after due reading.

Witnesses:

J. D. Johnson

R. C. Stewart
R. C. Ferguson
Notary Public in and for the **Parish** of **Calcasieu**, State of **Louisiana**

F-5
318

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STATE OF **LOUISIANA**
PARISH **OF Calcasieu**

BE IT KNOWN, that on this **18th** day of **July**, 19**55**, before me, the undersigned authority, and in the presence of **Les. J. Briggs** and **J. D. Johnson**, competent witnesses, personally came and appeared **W. T. Burton**, who acknowledged unto me, said authority, in the presence of said witnesses, that **he is** the identical person..... who signed and executed the foregoing instrument in writing; that the same is **his** own free and voluntary act and deed; that **he** executed the same for the purposes and on the conditions and terms therein expressed.

Thus done and passed in the **Parish** of **Calcasieu**, State of **Louisiana**, on the day and date first above written, in the presence of the above named and undersigned witnesses, who have hereunto subscribed their names, together with said appearer..... and me, said authority, after reading the whole.

Witnesses:

J. D. Johnson

W. T. Burton
R. C. Ferguson
Notary Public in and for the **Parish** of **Calcasieu**, State of **Louisiana**

F-4
312